

NORTH LONG BEACH REDEVELOPMENT PROJECT AREA
FIVE-YEAR IMPLEMENTATION PLAN

October 1, 2001 - September 30, 2006

CITY OF LONG BEACH
REDEVELOPMENT AGENCY



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The mission of the Redevelopment Agency of the City of Long Beach is to improve the blighted areas of Long Beach, revitalize neighborhoods, promote economic development and the creation of jobs, provide affordable housing and encourage citizen participation

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North Long Beach Redevelopment Project Five-Year Implementation Plan

INTRODUCTION

On July 16, 1996, the Redevelopment Agency of the City of Long Beach ("Agency") adopted the North Long Beach Redevelopment Plan ("Redevelopment Plan"). Pursuant to Health and Safety Code Section 33352(c), the Agency's Report to the City Council on the Redevelopment Plan contained an initial Implementation Plan covering the period October 1, 1996 – September 30, 2001. Health and Safety Code Section 33490(b) requires redevelopment agencies to adopt a new implementation plan once every five years. To that end, this document serves as the Implementation Plan for the period October 1, 2001 – September 30, 2006. Upon adoption by the Redevelopment Agency, it will replace the prior Implementation Plan.

Between the second and third year after adoption of the Implementation Plan, the Agency is required to hold a public hearing on the Implementation Plan. A redevelopment agency may make amendments to the plan at this time or at other times if required. The Agency held a public hearing to review the Implementation Plan for the North Long Beach Redevelopment Project Area ("Project Area") on October 11, 1999. No amendments were made to the Implementation Plan at that time. The Agency will hold a public hearing to review this Implementation Plan between October 1, 2003 and September 30, 2004.

The Implementation Plan shall contain (1) the specific goals and objectives of the Agency for the Project Area, (2) the specific programs, including potential projects, and estimated expenditures to be made during the next five years, (3) a discussion of how these programs will implement the Agency's low- and moderate-income housing obligations, and (4) an explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the Project Area.

This Implementation Plan is a policy statement rather than a specific course of action; it does not identify specific project locations. It has been prepared to set priorities for redevelopment activities within the Project Area over a five year period and incorporates a program of activities to accomplish essential, near-term revitalization efforts for the Project Area. However, new issues and opportunities may be encountered during the course of administering the Redevelopment Plan for the Project Area during the five-year period. Therefore, this Implementation Plan may not always precisely identify a proposed activity or expenditure. If the Implementation Plan includes a project that will result in the elimination of low- or moderate-income housing, the Implementation Plan shall identify proposed locations suitable for the replacement dwelling units.

This Implementation Plan is composed of three major components, a redevelopment component, an inclusionary housing component (Attachment No. 5) and a housing expenditure component Attachment No. 6). The redevelopment component: (1) revisits the goals and objectives of the Redevelopment Plan; (2) defines the Agency's strategy to achieve these goals and objectives; (3) presents the programs, including potential expenditures that are proposed as a means to attain the Plan's goals and objectives; and (4) describes how the goals and objectives, programs, and expenditures will eliminate blight within the Project Area. The inclusionary housing component addresses statutory requirements for the production of affordable housing. The housing expenditure component shows how the Agency's goals and objectives for housing will be implemented and how the statutory requirements for the set aside and expenditure of tax increment for housing purposes will be met.

BACKGROUND

Project Area Setting

The Project Area consists of 10 non-contiguous areas referred to as parcels 1 through 10 totaling approximately 7,540 acres of land and 4,967 acres of harbor waterfront property within the Port of Long Beach for a total size of 12,507 acres (see Attachment No. 1 - Project Area Map).

The majority of land in the Project Area is located within Parcel 1. Parcel 1 is located north of the San Diego Freeway (I-405) and is bordered by the cities of Compton and Paramount to the north, the City of Lakewood to the east, and the City of Carson to the west. Parcel 1 is primarily residential in character, but is intersected

with three major commercial and industrial corridors: Atlantic Boulevard, Long Beach Boulevard and Artesia Boulevard. For the most part, the residential areas are composed of relatively sound single-family neighborhoods with pockets of overcrowded and deteriorating structures. In contrast, the commercial properties along these corridors consist of aging strip commercial buildings characterized by physical deterioration, substandard design and a lack of adequate parking.

The second largest area within the Project Area is Parcel 5 and contains the Port of Long Beach. The remaining eight Parcels totaling 444 acres are areas of deteriorated and underutilized commercial and industrial properties, or vacant sites that suffer from contamination due to past oil production activities. The only exception is Parcel 8, a four-block residential area which is deteriorated and impacted by crime.

Physical Conditions

In North Long Beach, the desire for redevelopment originated in the community. For many years, property owners, business tenants, and residents have been concerned about the deteriorating physical and economic conditions along the commercial corridors that extend throughout the area and the negative impact these conditions have had on the surrounding residential areas.

While the push for redevelopment was borne from the concerns of the neighborhood, it has evolved into an effort not only to help cure the ills of the community, but also to show strong long-term public support for the revitalization of the economic health of the City. As part of the redevelopment of this area, the Agency proposes to assist in the revitalization of commercial, industrial, residential, and maritime uses throughout the Project Area. As part of these efforts, the Agency will assist in improving the commercial corridors in North Long Beach through rehabilitation and modernization to retain existing and attract new businesses, address lack of adequate public parking, address the lack of adequate public facilities, address the lack of open/green space, construct public improvements, and assist in hazardous waste remediation and facility modernization.

The Agency will facilitate the redevelopment and development of underutilized sites for contemporary commercial/industrial/residential use, as well as work with existing businesses to rehabilitate and/or modernize their operations. In the Port, the Agency will encourage the reuse of the Naval Station and construction of public improvements to create economic benefits and to increase the efficiency and volume of truck and rail traffic. Throughout the Project Area, the Agency will work to upgrade and improve the housing stock as well as provide affordable housing for moderate-, low- and very-low-income households.

Project Financing

Several financial constraints combine to limit the ability of the Agency to implement the Redevelopment Plan over the next five years. These constraints are primarily the result of the newness of the Project Area and the fact that its main financial resource, tax increment revenues, will not be sufficient to remove all of the existing blighting conditions over the next five years.

The Agency has identified various methods for financing redevelopment activity within the Project Area in addition to using tax increment revenues. These other methods include: (1) tax allocation bonds; (2) loans, grants and contributions from local entities, state or federal government programs; (3) advances from developers; (4) public/private partnerships; (5) proceeds from the sale or lease of Agency-owned property; (6) leveraging of tax increment revenues; and (6) financing proceeds based upon revenues from special assessment or special tax districts.

The Agency will continue to consider other financing sources such as those discussed above to finance redevelopment activities. However, the Agency will rely upon tax increment revenues as the primary means of resolving the Project Area's various problems.

PROJECT AREA BLIGHTING CONDITIONS

General

There are numerous physical and economic blighting conditions that are prevalent throughout the Project Area. Due to the large size of the Project Area and its diversity of land use, the physical and economic blighting conditions that impact the Project Area vary greatly depending on the area. Therefore, distinct approaches and methodology will be necessary to address the blighting conditions within the different sub areas of the Project Area.

At the time of the adoption of the Redevelopment Plan, a survey of existing physical conditions (and to a lesser degree economic conditions) was performed to evaluate the severity of blight within the Project Area. The survey included commercial and industrial areas and selected residential areas.

In the residential areas, economic blighting conditions were most prevalent. This factor has contributed to the lack of home ownership and the decline of the adjoining commercial corridors. To assess the impact of the deteriorated commercial corridors on the residential areas, indicators of economic health and stability such as assessed value, overcrowding and home ownership were compared to the "Eastside" of Long Beach. The Eastside has a similar residential building stock and although some of the commercial areas serving the Eastside have experienced a decline, the Eastside's commercial areas are not impacting the residential neighborhoods in the same way as in North Long Beach.

The Port of Long Beach area has its own unique character and conditions which affect its economic vitality. These issues are related to the substandard design of the available facilities for contemporary use, hazardous materials contamination and inadequate public improvements.

Other secondary data sources used to supplement the data mentioned above include City records, economic studies, the United States Census, Los Angeles County Assessor records, and interviews with realtors and leasing agents.

Physical Blighting Conditions

- C Deterioration and dilapidation were noted in 66 percent of the 8,678 buildings that were surveyed. Of this, 24 percent were in need of moderate to extensive rehabilitation.
- C Characteristics of defective design affected 979 buildings or 11 percent of the buildings surveyed in the project Area. Characteristics of defective design included inadequate pedestrian and vehicular access, substandard exterior building material, faulty additions, inadequate setbacks and deficient lighting/ventilation.
- C Faulty or inadequate utilities, which include exposed wiring, substandard exterior plumbing, and excessive concentration of utilities, were observed in 1,068 structures or 11 percent of all the structures surveyed.
- C Characteristics of substandard design were associated with commercial and industrial properties throughout the Project Area. Conditions of substandard design surveyed in portions of the Project Area included inadequate loading area, outdoor storage or production, excessive lot coverage, or obsolescence affecting 24 percent of commercial uses and 53 percent of industrial uses. Within the Port, the commercial port facilities have become substandard, inadequate to accommodate evolutions in cargo transport. More specifically, contemporary shipping trends rely on the transport of materials via containers, rather than bulk cargo, which is more adaptable to automated loading and unloading. Also, the reuse of the former military facilities is problematic because a large portion of the complex was devoted to military shipbuilding and maintenance.

- C Inadequate parking can be attributed to the older commercial structures that are located within the Project Area. Of 965 commercial parcels in the Project Area, only 16 percent have adequate parking per current zoning standards.
- C The incompatibility of residential uses adjacent to industrial and commercial corridors has negatively impacted parts of the Project Area due to deteriorated buildings, marginal uses, and crime that is associated with commercial uses. These impacts are evident by lower home ownership, lower median home values and rents, and higher instances of residential overcrowding in comparison to the Eastside.
- C In the Project Area, it is estimated that a total of 4,788 parcels (28 percent of all parcels) are of inadequate size and under multiple ownership. Of this total, approximately 4,265 are estimated to be residential parcels, 392 are estimated to be commercial parcels, and 131 are estimated to be industrial parcels.

Economic Blighting Conditions

- C The use of contaminated parcels is limited or not permitted unless the hazardous materials are remediated. There are 451 businesses, including 333 underground storage tanks, in the Project Area that contain hazardous materials on-site. Of the 333 underground storage tanks, 123 have some level of contamination.
- C The closure of the Long Beach Naval Station and Shipyard has negatively impacted the City's economy with an estimated annual loss of \$1,757,000. The substandard design of the facilities and the hazardous waste contamination has limited the reuse of these facilities.
- C High business vacancies can be detrimental to the local economy. At the time of adoption of the Project Area, nearly 15 percent of the 1,165 commercial tenant spaces surveyed in the Project Area were vacant.
- C Interviews with real estate brokerage firms indicate that the monthly lease rates in the Project Area range from \$0.48 to \$1.00 per square foot, considerably lower than competitive areas on the Eastside which range from \$0.90 to \$1.50 per square foot. Low lease rates can be attributed to low demand in the current market and the perception of the amount of crime in the area.
- C Residential overcrowding occurs when persons inhabit residential units with an inadequate number of bedrooms or living spaces. Residents living in overcrowded households in the Project Area increased from 1,079 in 1980 to 1,989 in 1990, while those living in severely overcrowded households increased from 737 in 1980 to 2,590 in 1990.
- C An excess of bars, liquors stores, and other uses that cater exclusively to adults can cause problems of public safety and welfare for residents and businesses. There are over 30 uses located within the North Long Beach Project Area that are adult entertainment oriented.
- C One-fourth of all the crimes that occurred in the City of Long Beach from 1991 to 1994 took place in the North Long Beach Redevelopment Project Area. This is of particular concern when considering that only 15 percent of the total population of the City of Long Beach lives in the Project Area. Compared with other areas of the City the level of crime in the Project Area has been substantially reduced over the last five years; however, much work remains.
- C The Project Area contains deficiencies in the public infrastructure system that contribute to the stagnation of the area's development and, more specifically, limit the reuse of the existing commercial corridors. The public improvement deficiencies include: storm drains, overhead utilities, parking, streetscape, and port infrastructure deficiencies. The combination of these deficiencies and physical and economic blighting characteristics exceeds what can be expected to be remedied by the private

sector acting alone.

IMPLEMENTATION GOALS AND OBJECTIVES

Over the next five years, the goals and objectives for the redevelopment of the Project Area will focus on the following goals. Linkage of each goal with conditions of blight within the Project Area is demonstrated in the matrix attached and labeled Attachment No. 2 - Goals and Objectives Linkage to Blight.

Goal Number 1

The elimination of blighting influences and the correction of environmental deficiencies in the Project Area, including, among others, removal or remediation of buildings in which it is unsafe or unhealthy for persons to live or work, reconciliation of incompatible and uneconomic land uses and the consolidation of small and irregular lots.

Goal Number 2

The assembly of land into parcels suitable for modern integrated development with improved pedestrian and vehicular circulation in the Project Area.

Goal Number 3

The re-planning, redesign and redevelopment of portions of the Project Area to enhance the image of the Project Area, to create a sense of identity, and to address areas which are stagnant or improperly utilized.

Goal Number 4

The strengthening of the economic base of the Project Area and the community by the installation of needed site improvements to stimulate new residential, commercial and industrial expansion, employment and social and economic growth.

Goal Number 5

The establishment and implementation of performance criteria to assure high site design standards and environmental quality and other design elements which provide unity and integrity to the entire Project.

Goal Number 6

The improvement of the community's supply of housing, particularly affordable housing available to low- and moderate-income persons and families with an emphasis on home ownership.

PROPOSED AGENCY PROGRAMS AND POTENTIAL PROJECTS

In the beginning years of a redevelopment program, an agency expects to receive very little tax increment revenue since it typically takes years to develop the tax base from which tax increment revenues are generated. The Agency collected its first fiscal year allocation of tax increment revenues from the Project Area in 1998-1999.

Table No. 1 - North Long Beach Redevelopment Project Area
Tax Increment Revenues

Fiscal Year	Actual	Projected
October 1, 1996 - September 30, 1997	\$0	
October 1, 1997 - September 30, 1998	\$0	
October 1, 1998 - September 30, 1999	\$1,083,573	
October 1, 1999 - September 30, 2000	\$7,067,028	
October 1, 2000 - September 30, 2001		\$7,826,674
October 1, 2001 - September 30, 2002		\$9,279,000
October 1, 2002 - September 30, 2003		\$9,129,000
October 1, 2003 - September 30, 2004		\$10,299,000
October 1, 2004 - September 30, 2005		\$11,551,000
October 1, 2005 - September 30, 2006		\$12,422,000

The projects and programs described below are, by necessity, broad in nature. Specific planning activities and projects will be developed by the Agency, generally in connection with adoption of the Project Area's annual budget approvals, and may result in the need to amend this Implementation Plan.

Attachment No. 3 - Proposed Programs Linkage to Blight is a matrix that summarizes the linkage of proposed programs and potential projects with conditions of blight within the Project Area. It is the Agency's intent to implement proposed programs and projects which will attain the Goals and Objectives of the Project Area and which will address or remove the conditions of blight noted above. Depending upon the specific projects undertaken under the programs proposed below, one or more of the conditions of blight noted on Attachment No. 3 will be addressed.

A projection of future tax increment revenue generated within the Project Area during the five year period addressed by this Implementation Plan estimates that the Agency will have approximately \$52.7 million in available tax increment revenues. Leveraging of these revenues through the issuance of bonded indebtedness will result in approximately \$94.4 million to fund various projects and programs. Of the available \$94.4 million, approximately \$50.7 million will be used to implement programs and projects of the Agency, approximately \$17.0 million will be earmarked for debt service of proposed bonded indebtedness, approximately \$10.3 million will be set aside for low- and moderate-income housing programs, approximately \$10.3 million will fund statutory tax increment "pass-through" requirements, approximately \$3.4 million will be used to fund administrative and operating expenses, and approximately \$1.0 million will be used to pay Los Angeles County tax collection charges. The \$10.3 million set aside for housing programs will be combined with other available housing funds to fund affordable housing program activities throughout the Project Area. Attachment No. 6 - Affordable Housing Expenditure Plan provides detailed program descriptions and proposed expenditures.

Open Space and Public Improvements Program

The Open Space and Public Improvements Program is designed to implement projects to improve the Project Area's infrastructure and public services. These projects may include (1) the creation of

parks and pocket parks; (2) street and streetscape improvements, including sidewalks, curbs and gutters; (3) water, sewer, and storm drain distribution system improvements; (4) repair and under grounding of utilities; (5) construction or rehabilitation and upgrading of Police, Fire, Library, Public Health, educational and/or other public facilities buildings; (6) alley paving projects; and (7) the provision of public parking improvements.

Blighting Conditions Addressed: This Program will address deficiencies in the Project Area's infrastructure and public service facilities which will increase the desirability for private sector investment. In the North Long Beach Project Area there currently exists a shortfall between current demand for open space and public improvements and the level of service provided. As public improvements are made, the shortfall or gap between adequate levels of service and current levels will be reduced.

Commercial Consolidation and Revitalization Program

The Commercial Consolidation and Revitalization Program is designed to encourage the restoration, modernization, and improvement of commercial facilities in order to enhance the attractiveness and visibility of existing and/or new shopping areas. Projects may include (1) development strategies, encouraging the clustering of commercial activities around identified commercial nodes; (2) advice to the City's Planning and Building Department regarding appropriate zoning for major corridors; (3) acquisition and assembly of properties within nodes and corridors for development consistent with the uses specified within the North Long Beach Strategic Guide for Redevelopment; (5) the development of architectural design guidelines; and (6) the completion of other related land use studies.

Blighting Conditions Addressed: This Program will address the elimination of blighting conditions resulting from defective design, substandard design, deterioration, and dilapidation of commercial structures. Commercial revitalization impacts both physical deterioration, such as the need for exterior paint or the need to acquire and combine parcels, and economic conditions such as unemployment. A more successful commercial area will naturally generate employment opportunities. The specific blighting conditions impacted will be dependent upon opportunities presented and the public and private participation in the various components of the Program. This Program will address functional and economic obsolescence, the need to optimize the use of vacant or underutilized parcels, and to correct conditions such as defective design through monetary support of private improvement efforts.

Parking Improvement Program

Based on an inadequate distribution of parking in the Project Area, the Agency proposes to participate in a program working with private businesses for the renovation and provision of additional parking spaces within the Project Area.

Blighting Conditions Addressed: This Program will address the lack of adequate parking, especially along commercial corridors. Adequate and accessible parking can contribute to the retention and attraction of businesses within the Project Area.

Economic Development Program

The Agency is proposing the implementation of an Economic Development Program that will focus on the retention of existing businesses in the Project Area and the attraction of new businesses. The Agency intends to encourage developers or property owners to develop sites in the Project Area by participating in the development of these sites. The Agency's participation could be in the form of assistance in land write down, land assembly, relocation payments, or offsite improvements. The Agency's intent is to provide funds to meet the financial gap of a project as a means to engender such development.

Blighting Conditions Addressed: This program will address the high rates of business failure and turnover. Business failure and high turnover leads to high vacancy rates which negatively impact adjacent areas. New investments and economic opportunities will be encouraged through a combination general improvement in the area's appearance and business assistance programs, including rebates and loans for new and existing businesses.

Neighborhood Enhancement Program

An ongoing program implemented in conjunction with the City's Neighborhood Services Bureau, the Neighborhood Enhancement Program includes: (1) rebates and loans for improvement of existing deteriorated residential properties, (2) a security component, (3) graffiti removal and prevention, (4) the creation of Neighborhood Enhancement Areas, (5) emphasis on home ownership, (6) the issuance of Certificates of Conformance, and (7) other related efforts.

Blighting Conditions Addressed: The Neighborhood Enhancement Program will address physical blight such as deterioration, dilapidation and deferred maintenance. Additionally, new investments and home ownership opportunities will be encouraged through a general improvement in the area's appearance and first-time home buyer programs.

Affordable Housing Program

The Affordable Housing Program is designed to improve and preserve the supply of affordable housing for low- and moderate-income households. Please refer to Attachment No. 6 - Affordable Housing Expenditure Plan for detailed program descriptions and proposed expenditures. In addition, expenditure of housing set-aside funds is governed by the terms set forth in Redevelopment Agency Resolution No. R.A. 13-96, adopted on July 2, 1996, which states, in part, that "the Agency will assure that expenditures for low- and moderate-income housing in the Project will not be less than the amount contributed to the housing fund from the Project." Further, the Resolution states, "(t)he Agency will work with the Housing Development Company and the City to establish a funding preference within the Project Area for the rehabilitation of the existing housing stock and for developments which include home ownership."

Blighting Conditions-Addressed: This Program will address both the North Long Beach and the City-wide need for affordable housing, and as such is not necessarily tied to the elimination of specific blighting conditions in the Project Area. However, general blighting conditions such as housing in inappropriate locations and overcrowding will be addressed.

Hazardous Materials Remediation Program

The Hazardous Materials Remediation Program is designed to provide funding for the costs of remediating sites that have been identified as being contaminated with hazardous materials.

Blighting Conditions Addressed: This Program will address the need to remediate sites contaminated with hazardous materials. Hazardous materials contamination can impede development and proper reuse of impacted sites.

Port Improvement Program

Through this program, the Agency will encourage the redevelopment of the Naval Station and Naval Shipyard and development of additional land for the expansion of new terminals within the Port of Long Beach.

Blighting Conditions Addressed: This Program will address substandard design and the need to modernize Port facilities, assist in the removal of hazardous materials, and facilitate the transitions of the Naval Station and Shipyard to civilian use.

INCLUSIONARY HOUSING COMPLIANCE PLAN REQUIREMENT

An Inclusionary Housing Compliance Plan (the "Housing Compliance Plan") has been prepared pursuant to Section 33413(b)(4) of the California Health and Safety Code. Section 33413(b)(4) requires all redevelopment agencies to adopt a Housing Compliance Plan to meet the inclusionary housing requirements of Sections 33413(b), and that the Housing Compliance Plan be part of the Five Year Implementation Plan required by Section 33490. The Housing Compliance Plan prepared pursuant to Section 33413 (b) (4) is attached hereto as Attachment No. 5.

AFFORDABLE HOUSING PROGRAM EXPENDITURE PLAN REQUIREMENT

Section 33490(a)(2)(A) of the California Health and Safety Code requires that part of the 5-year Implementation Plan address Sections 33334.2, 33334.4 and 33334.6, and the Agency's Low and Moderate Income Housing Fund. Generally, the Agency transfers all of the 20% set-aside funds from each redevelopment project area into the City's Housing Development Fund. This money is used by the nonprofit Long Beach Housing Development Company to assist in the production of affordable housing as required by California Health and Safety Code. The Affordable Housing Program is administered by the Long Beach Housing Development Company. An Affordable Housing Program Expenditure Plan prepared pursuant to Section 33490 (a) (2) (A) is attached hereto as Attachment No.6.

North Long Beach Redevelopment Project Area
Five Year Implementation Plan
Attachment 1 – Project Area Map

**NORTH LONG BEACH
REDEVELOPMENT PROJECT AREA**



**North Long Beach Redevelopment Project Area
Five Year Implementation Plan
Attachment No. 2 – Goals and Objectives Linkage to Blight**

Blighting Condition	Goal 1	Goal 2	Goal 3	Goal 4	Goal 5	Goal 6
Deterioration and Dilapidation	X	X	X	X	X	X
Property Maintenance Problems	X	X	X		X	X
Defective Design and Character	X	X	X		X	X
Age and Obsolescence	X	X	X		X	X
Shifting Use	X	X	X	X	X	X
Mixed Character	X	X	X			
Faulty Arrangement and Spacing	X	X	X	X	X	X
Vacancies	X	X	X	X	X	X
Irregular Parcels	X	X	X			
Ownership Patterns	X	X	X	X	X	X
Public Improvements & Utilities	X	X	X	X	X	
Sidewalks, Curbs and Gutters	X	X	X	X	X	
Storm Drain, Streets and Alleys	X	X	X	X		
Traffic, Circulation and Parking	X	X	X		X	
Overhead Utilities	X	X	X	X		
Sewer System Deficiencies	X	X	X			
Rapid Population Growth	X		X	X		X
Lower Median Income	X			X		X
Housing Growth and Affordability	X					X
Unemployment Rates	X	X		X		
Inadequate Open Space	X	X	X		X	X
Crime Rates	X					
Impaired Investments	X	X	X	X	X	X

**North Long Beach Redevelopment Project Area
Five Year Implementation Plan
Attachment No. 3 – Proposed Programs Linkage to Blight**

Blighting Condition	Open Space & Public Improvements Program	Commercial Consolidation & Revitalization Program	Parking Improvement Program	Economic Development Program	Neighborhood Enhancement Program	Affordable Housing Program	Hazardous Materials Program	Port Improvement Program
Deterioration and Dilapidation	X	X		X	X	X	X	X
Property Maintenance Problems	X	X			X	X	X	
Defective Design and Character	X	X				X	X	X
Age and Obsolescence	X	X				X	X	X
Shifting Use	X	X	X	X			X	X
Mixed Character	X	X	X	X		X		X
Faulty Arrangement and Spacing	X	X	X			X		X
Vacancies	X	X	X	X		X	X	X
Irregular Parcels	X	X						X
Ownership Patterns		X	X	X				
Public Improvements & Utilities	X				X			X
Sidewalks, Curbs and Gutters	X				X			X
Storm Drain, Streets and Alleys	X				X			X
Traffic, Circulation and Parking	X		X					X
Overhead Utilities	X				X			
Sewer System Deficiencies	X							
Rapid Population Growth						X		
Lower Median Income		X		X	X	X		X
Housing Growth and Affordability						X		
Unemployment Rates	X	X	X	X				X
Inadequate Open Space	X					X	X	
Crime Rates		X		X		X		
Impaired Investments		X	X	X	X	X		

**North Long Beach Redevelopment Project Area
Five Year Implementation Plan
Attachment No. 4 – Estimated Program Expenditures***

Projected Fiscal Year Funding	Open Space & Public Improvements Program	Commercial Consolidation & Revitalization Program	Parking Improvement Program	Economic Development Program	Neighborhood Enhancement Program	Affordable Housing Program	Hazardous Materials Program	Port Improvement Program
Oct. 1, 2001 – Sept. 30, 2002	\$2,400,000	\$7,600,000	\$1,000,000	\$1,427,000	\$625,000	\$1,818,000	\$0	\$0
Oct. 1, 2002 – Sept. 30, 2003	\$3,400,000	\$3,100,000	\$1,000,000	\$1,427,000	\$500,000	\$1,790,000	\$0	\$0
Oct. 1, 2003 – Sept. 30, 2004	\$3,400,000	\$3,100,000	\$1,000,000	\$1,427,000	\$500,000	\$2,019,000	\$0	\$0
Oct. 1, 2004 – Sept. 30, 2005	\$3,400,000	\$3,100,000	\$1,000,000	\$1,427,000	\$500,000	\$2,265,000	\$0	\$0
Oct. 1, 2005 – Sept. 30, 2006	\$3,400,000	\$3,100,000	\$1,000,000	\$1,427,000	\$500,000	\$2,436,000	\$0	\$0
Totals	\$16,000,000	\$20,000,000	\$5,000,000	\$7,135,000	\$2,625,000	\$10,328,000	\$0	\$0

*Tax increment funds and other funding sources will be utilized to accomplish projects and goals.

Other potential funding sources for projects may include the following:

- C EDI Grant Funds
- C EPA Grants
- C Port of Long Beach Funds
- C HUD Section 108 Funds
- C Developer Advances
- C CDBG Funds
- C HOME Program Funds
- C Bond Proceeds
- C City Advances

**North Long Beach Redevelopment Project Area
Five Year Implementation Plan
Attachment No. 5 – Inclusionary Housing Compliance Plan**

I. INTRODUCTION

This Inclusionary Housing Compliance Plan (the "Housing Compliance Plan") has been prepared pursuant to Section 33413(b)(4) of the California Health and Safety Code for the Agency. Section 33413(b)(4) requires all redevelopment agencies to adopt a Housing Compliance Plan to meet the inclusionary housing requirements of Sections 33413(b), and that the Housing Compliance Plan be part of the Five Year Implementation Plan required by Section 33490.

Pursuant to Section 33413(d)(1), inclusionary requirements apply only to redevelopment project areas, or to areas added to a project area by amendment, for which the final redevelopment plan was adopted on or after January 1, 1976. The Redevelopment Plan (the "Redevelopment Plan") for the North Long Beach Redevelopment Project was adopted on July 16, 1996 and is therefore subject to Section 33413(b) requirements. All information provided within this Housing Compliance Plan pertains only to the North Long Beach Redevelopment Project Area (the "Project Area").

As noted earlier in the Implementation Plan, the Agency transfers all of the 20% set-aside funds from each redevelopment project area into the City's Housing Development Fund. This money is used by the nonprofit Long Beach Housing Development Company to assist in the production of affordable housing as required by Law. Should the Long Beach Housing Development Company build or otherwise assist in the creation of affordable housing in the North Long Beach Project Area, it will do so in accordance with Section 33490(a)(2)(A).

II. REDEVELOPMENT PLAN PERIOD

The Redevelopment Plan was adopted on July 16, 1996. Pursuant to Health and Safety Code Section 33333.2(a)(2), the effectiveness of the Redevelopment Plan will expire 30 years after the date of adoption on July 16, 2026.

III. DEFINITIONS

Very-Low-Income Household

Household whose gross income is 50 percent or below of the area median income.

Low-Income Household

Household whose gross income is greater than 50 percent and not greater than 80 percent of the area median income.

Moderate-Income Household

Household whose gross income is greater than 80 percent and not greater than 120 percent of the area median income.

Affordable Owner-Occupied Housing Cost

Section 50052.5 of the California Health and Safety Code states that for any owner-occupied housing "affordable housing costs" shall not exceed the following:

- (1) For very-low-income households the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.

(2) For lower-income households whose gross incomes exceed the maximum income for very low income households and do not exceed 70 percent of the area median income adjusted for family size, the product of 30 percent times 70 percent of the area median income adjusted for family size. In addition, for any lower income household that has a gross income that equals or exceeds 70 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 30 percent of the gross income of the household.

(3) For moderate-income households whose gross incomes exceed the maximum income for lower-income households and do not exceed 110 percent of the area median income adjusted for family size, the product of 35 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for any moderate-income household that has a gross income that equals or exceeds 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable housing cost not exceed 35 percent of the gross income of the household.

Affordable Renter-Occupied Housing Cost

Section 50053 of the California Health and Safety Code states that for any rental housing development "affordable rent," including a reasonable utility allowance, shall not exceed:

(1) For very-low-income households, the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.

(2) For lower-income households whose gross incomes exceed the maximum income for very low income households, the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those lower income households with gross incomes that exceed 60 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.

(3) For moderate-income households, the product of 30 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those moderate-income households whose gross incomes exceed 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.

Developed by the Agency

For this Housing Compliance Plan, "developed by the Agency" means the Agency has contracted directly with a building contractor for the construction or rehabilitation of dwelling units.

New Dwelling Units

For this Housing Compliance Plan, new dwelling units means dwelling units for which the final certificate of occupancy was issued after July 16, 1996.

Substantially Rehabilitated Dwelling Units

Section 33413(b)(2)(A)(iii) states "substantially rehabilitated dwelling units" means substantially rehabilitated multifamily rented dwelling units with three or more units or substantially rehabilitated single-family dwelling units with one or two units.

Substantial Rehabilitation

Section 33413(b)(2)(A)(iv) states substantial rehabilitation means rehabilitation, the value of which constitutes

at least 25 percent of the after rehabilitation value of the dwelling, inclusive of the land value.

IV. HEALTH AND SAFETY CODE SECTION 33413 REQUIREMENTS

Section 33413(b)(1) and (2) - Inclusionary Requirements

Section 33413(b)(1) requires that at least 30 percent of all new and substantially rehabilitated dwelling units developed by a redevelopment agency must be available at affordable housing cost to persons and families of low- or moderate-income, and that not less than 50 percent of the affordable units must be available to very-low-income households.

Section 33413(b)(2) requires that at least 15 percent of all new and substantially rehabilitated dwelling units developed within a project area by public or private entities, or persons other than the redevelopment agency, but including those developed pursuant to a written agreement with the agency, must be available at affordable housing cost to persons and families of low- or moderate-income, and that not less than 40 percent of the affordable units must be available at affordable housing cost to very-low-income households.

Section 33413(b)(3) - Aggregate Units

Section 33413(b)(3) states that the inclusionary requirements of Section 33413(b) are applicable to housing units in the aggregate and not to each individual case of rehabilitation, development, or construction of dwelling units, unless the Agency determines otherwise.

Section 33413(b)(4) -Inclusionary Housing Compliance Plan Requirements

Pursuant to Section 33413(b)(4), this Housing Compliance Plan must be consistent with, and may be included within, the City's General Plan Housing Element. This Housing Compliance Plan must be reviewed and, if necessary, amended at least every five years in conjunction with either the housing element cycle or the implementation plan cycle.

This Housing Compliance Plan must ensure that inclusionary requirements of Section 33413(b) are met every 10 years, and if the requirements are not met by the end of each 10-year period, the Agency must meet these goals on an annual basis until the requirements for the 10-year period are met. If the Agency exceeds Section 33413(b) inclusionary requirements within a 10-year period, the Agency may count excess affordable units toward requirements for the next 10-year period.

Section 33413(c) -Terms of Affordability

Section 33413(c) states that all affordable units developed to meet inclusionary requirements must remain available at affordable cost for the longest feasible time, as determined by the Agency, but for not less than the period of the land use controls established in the Redevelopment Plan, except in the following circumstances:

- (1) A longer period may be required by other provisions of the law.
- (2) The Agency may allow the sale of owner-occupied affordable units at market rates if the Agency, within three years of the date of sale, expends funds to produce an equal number of affordable units at the same income level as those sold.

V. COMPLIANCE WITH SECTION 33413(b) INCLUSIONARY HOUSING REQUIREMENTS

Health and Safety Code Section 33413(b)(4) requires that the Housing Compliance Plan ensure that the requirements of Section 33413 are met every 10 years. If the requirements are not met within the 10 year period, the Agency is required to meet the requirements on an annual basis. If at the end of the 10 year period the Agency has exceeded the requirements, the Agency may carry over the surplus units and count them towards the requirements of the following ten year period.

The Redevelopment Agency, through the efforts of the Long Beach Housing Development Company has assisted over 300 affordable housing units throughout the City of Long Beach. The Redevelopment Agency is currently undertaking an analysis of the Agency's aggregate inclusionary and replacement housing requirements for all redevelopment project areas combined. It is expected that there exists a surplus of units created over and above the Agency's replacement and inclusionary requirements for both the North Long Beach Redevelopment Project Area and the City as a whole.

New Dwelling Units

During the period July 16, 1996 through September 1, 2001, there were 10 new housing units created within the Project Area. Going forward, new residential development is anticipated to be extremely limited because the Project Area is predominately urbanized with few vacant properties zoned or suitable for residential use. The City's General Plan Housing Element, adopted April 17, 2001, has identified only one 2.3 acre vacant site in the Project Area that could be currently developed with new housing; however, the Long Beach Unified School District has entered escrow to purchase this property for a future school site. The only other large vacant site suitable for residential use within the Project Area is the Manila Tract. During the period July 16, 1996 through September 30, 2001, there were 10 new housing units created within the Project Area. A developer has obtained entitlements to build up to 52 new single family homes on this site, all of which are expected to be completed within the next 5 years. Therefore the Agency projects that construction of residential units on vacant properties within the Project Area over the next 5 years will be limited to the 52 homes planned for the Manila Tract.

Substantially Rehabilitated Dwelling Units

During the period July 16, 1996 through September 1, 2001, there were 43 units substantially rehabilitated within the Project Area. In addition, on September 11, 2000 the Agency entered into a Disposition and Development Agreement with the Long Beach Housing Development Company to acquire and substantially rehabilitate 96 multi-family residential units, called the Grisham Community Housing Project. Of the 96 units, 94 units will be made available to very-low-income households. This project is expected to be completed within the next five years.

Based on an analysis of the Project Area, it is estimated that an average of 10 housing units will be substantially rehabilitated each year over the remaining life of the Redevelopment Plan by entities other than the Redevelopment Agency or Long Beach Housing Development Company. Based on this average, it is estimated that 50 units will be substantially rehabilitated in the Project Area during the next 5 years.

As can be seen in the table below, the new units created and the units substantially rehabilitated to date, and the currently proposed new and substantially rehabilitated units totals 251 total units. This will generate an inclusionary housing obligation of 38 units (15% of 251).

Table A - North Long Beach Redevelopment Project Area
Inclusionary Housing Obligation During the First 10 Year Period
July 16, 1996 Through September 30, 2006

	Total Units	Low- and Moderate-Income Affordable Units (60%)	Very-Low-Income Affordable Units (40%)
New Units Created to Date (1996-2001)	10		
New Units Projected to be Created	52		
Units Substantially Rehabilitated to Date (1996-2001)	43		
Units Projected to be Substantially Rehabilitated*	146		
Total New and Substantially Rehabilitated Units	251		
Inclusionary Obligation for Period (15% of Total Units)	38	22	16

* Includes 96-Unit Grisham Community Housing Project

Given that under the Development Agreement for the Grisham Community Housing Project 94 very-low-income units (which fulfill the housing production requirements) will be added to the Project Area's inventory, the North Long Beach Redevelopment Project Area will have a surplus of 56 affordable units. This surplus of 56 units can be carried over into the next 10 year compliance period (2006-2016).

VI. ESTIMATED NUMBER OF NEW AND SUBSTANTIALLY REHABILITATED DWELLING UNITS TO BE DEVELOPED DURING THE SECOND 10 YEAR PERIOD AND OVER THE REMAINING LIFE OF THE REDEVELOPMENT PLAN

New Dwelling Units

Estimates used in this Housing Compliance Plan for the number of new dwelling units to be constructed during the next 10 years and over the life of the Redevelopment Plan are based upon historical trends of building permits issued in the Project Area. Projecting future housing development based on historical trends is difficult to do because of the many complex factors that can affect future housing growth. These factors include: condition of local, regional, and national economies; employment levels; and, availability of funding sources. Because these factors fluctuate and cannot be accurately forecast, the projections used in this Housing Compliance Plan may need to be amended in the future.

All of the new dwelling units projected to be built in the Project Area during the second 10 year period and over the remaining life of the Redevelopment Plan are expected to be constructed by the Long Beach Housing Development Company, private enterprise or entities other than the Agency. The Agency has no current plans to develop any new dwelling units during these periods. However, the Agency will cooperate with and provide assistance and incentives to housing developers in order to ensure affordable housing production requirements will be met. It is projected that the Project Area will reach build out before the effective life of the Redevelopment Plan expires on July 16, 2026.

The Redevelopment Agency is in the process of developing a Strategic Guide for Redevelopment (the "Strategic Guide") for the Project Area. The Strategic Guide is expected to be completed in the near future. The current draft of the Strategic Guide recommends a change in land use for several properties from commercial to residential use. This proposed land use change has not received any appropriate approvals and would require, at a minimum, a General Plan Amendment and changes to the City of Long Beach Zoning Ordinance. These actions might be expected to be completed within the next five years; however actual construction of new housing as result of the proposed land use changes would not be expected to be completed within the next 5 years. Nonetheless, in the interest of taking a conservative approach, this

Housing Compliance Plan assumes that the construction of additional housing caused by changes in land use will occur during the second 10 year period of the Redevelopment Plan.

The areas proposed for conversion total 57 acres. At an average residential density of 12 units to the acre, 684 residential units (57 x 12) could be expected to be created within the Project Area during the second 10 year period as a result of the proposed changes in land use. No other additional new units would be expected to be built over the remaining life of the Redevelopment Plan

Substantially Rehabilitated Dwelling Units

Based on an analysis of the Project Area, it is estimated that an average of 10 housing units will be substantially rehabilitated each year over the remaining life of the Redevelopment Plan by entities other than the Redevelopment Agency or Long Beach Housing Development Company in the Project Area. Based on this average, it is estimated that 100 units will be substantially rehabilitated in the Project Area during the second 10 year period, and 100 units (10 units x 10 years) will be substantially rehabilitated over the third 10 year period or remaining life of the Redevelopment Plan.

Any units newly developed or substantially rehabilitated with assistance from either the Redevelopment Agency or Long Beach Housing Development Company will include the imposition of covenants or restrictions requiring that specified numbers of the housing units be and remain affordable to very-low-, low- and moderate-income households. Therefore, these units would both create and satisfy inclusionary housing obligations.

VII. ESTIMATES OF THE NUMBER OF AFFORDABLE HOUSING UNITS REQUIRED IN ORDER TO MEET SECTION 33413(b) INCLUSIONARY REQUIREMENTS DURING THE SECOND 10 YEAR PERIOD AND OVER THE REMAINING LIFE OF THE REDEVELOPMENT PLAN

Section 33413(b)(2) - Non-Agency Developed/Rehabilitated

Of the 784 estimated dwelling units expected to be non-Agency developed or substantially rehabilitated in the Project Area during the next 10 years, 118 (15% of 784) must be available at affordable housing cost levels. Of the 118 required affordable units, at least 48 (40% of 118) must be available to very-low-income households. The remaining affordable units can be made available to low- or moderate-income households.

Of the 100 units estimated to be substantially rehabilitated by entities other than the Agency over the following remaining 10-year life of the Redevelopment Plan, 15 (15% of 100) must be available at affordable housing cost levels. Of these 15 affordable units, at least 6 (40% of 15) must be available at affordable housing costs to very-low-income households.

Section 33413(b)(1) - Agency Developed/Rehabilitated

As discussed earlier in this Housing Compliance Plan, the Agency does not have any current plans to construct or substantially rehabilitate any residential units in the Project Area that would be governed by Section 33413(b)(1).

VIII. COMPLIANCE PLAN

Table B below provides a summary of the estimated number of affordable housing units that will need to be developed in order to meet inclusionary requirements during the second 10 year period of the Redevelopment Plan. Table C provides a summary of the estimated number of affordable housing units that will need to be developed in order to meet inclusionary requirements over the third and final 10 year period remaining life of the Redevelopment Plan.

Table B - North Long Beach Redevelopment Project Area
Inclusionary Housing Obligations During the Second Ten Year Period
October 1, 2006 Through September 30, 2016

	Total Units Created	Low- and Moderate-Income Affordable Units (60%)	Very-Low-Income Affordable Units (40%)
New Units Expected to be Created	684		
New and Substantial Rehabilitation Units Expected to be Created	100		
Total Units Created	784		
Total Inclusionary Obligation for Next Ten Years (15% of total Units)	118	70	48

Table C - North Long Beach Redevelopment Project Area
Inclusionary Housing Obligations During the Third 10 Year Period
October 1, 2016 Through July 16, 2026

	Total Units Created	Low- and Moderate-Income Affordable Units (60%)	Very-Low-Income Affordable Units (40%)
New Units Expected to be Created	0		
New and Substantial Rehabilitation Units Expected to be Created	100		
Total Units Created	100		
Total Inclusionary Obligation for Next Ten Years (15% of total Units)	15	9	6

As can be seen in the tables above, the North Long Beach Redevelopment Project Area is anticipated to incur a 118-unit inclusionary housing obligation over the second ten year period and an additional 15-unit obligation projected for the final 10-year period of the Redevelopment Plan. However, this 133-unit (118 + 15) obligation will be offset by the 56 very-low-income unit surplus carried over from the first 10 year period of the Redevelopment Plan. This leaves a projected net obligation of 77 low- or moderate-income units over the remaining 25 years of the Redevelopment Plan from the date of this Housing Compliance Plan.

The Agency plans to satisfy the above inclusionary housing requirements by one or more of the following methods, placing an emphasis on housing available to lower-income households:

- (a) The expenditure of the low- and moderate-income housing portion of tax increments received from the Project Area to produce very-low-, low- and moderate-income dwelling units;
- (b) The imposition of covenants or restrictions requiring that specified numbers of housing units newly developed or substantially rehabilitated within the Project Area be and remain affordable to very-low-, low- and moderate-income households;
- (c) The purchase or acquisition by regulation or agreement of long-term affordability covenants on

existing multifamily units.

IX. CONSISTENCY WITH HOUSING ELEMENT

The Housing Element of the Long Beach General Plan (the "Housing Element") was adopted by the Long Beach City Council on April 17, 2001 and was certified by the California Department of Housing and Community Development on July 13, 2001. A major goal of the Housing Element was to ensure that suitable housing is available to all City residents, especially lower income households. This Housing Compliance Plan requires that the Agency ensure specific percentages of housing which is newly developed or substantially rehabilitated within the Project Area be made and remain available at affordable housing cost to very-low, low- and moderate-income households, and acknowledges that the Agency will emphasize housing for lower-income households, thereby furthering the goal of the Housing Element.

**North Long Beach Redevelopment Project Area
Five Year Implementation Plan
Attachment No. 6 – Affordable Housing Program Expenditure Plan**

INTRODUCTION

Pursuant to Section 33490(a)(2)(A) of the California Health and Safety Code, as a part of this Implementation Plan for the North Long Beach Redevelopment Project Area, the Agency is required to prepare a low- and moderate-income housing expenditure plan (the "Affordable Housing Program Expenditure Plan", or "Housing Expenditure Plan")

California Health and Safety Code Section 33334.2 requires that 20% of tax increment revenues allocated to the Agency for the Project Area be used to increase, improve, or preserve the community's supply of affordable housing unless certain findings are made. During each of the five years covered by the Implementation Plan, the Agency plans to deposit 20% of the tax increment allocated to the Project Area into the a low- and moderate-income housing fund (the "Housing Fund") to be utilized for the improvement and development of affordable housing within the City of Long Beach.

Housing Expenditure Plan Duration

The duration of this Housing Expenditure Plan, as it relates to the North Long Beach Redevelopment Project Area, shall be the same five-year period covered by the Implementation Plan (October 1, 2001 - September 30, 2006.)

Housing Funds

This Housing Expenditure Plan has been prepared pursuant to Section 33490(a)(2)(A) of the California Health and Safety Code. Section 33490(a)(2)(A) requires that part of the Implementation Plan required by Section 33490 address Sections 33334.2, 33334.4 and 33334.6 of the California Health and Safety Code, as well as address the Agency's Housing Fund.

The section addressing the Housing Fund must contain the following:

1. The current Housing Fund balance and the estimated amounts which will be deposited into the Housing Fund during the five years covered by the implementation plan (October 1, 2001 - September 30, 2006.)
2. Estimated expenditures from the Housing Fund during each of the five years covered by the Implementation Plan.
3. The estimated number of new, rehabilitated, or price restricted units to be assisted during each of the five years covered by the Implementation Plan.

II. BACKGROUND

In order to better implement the goals, policies, and objectives of the Housing Element of the City of Long Beach General Plan (the "Housing Element"), the City Council voted in January, 1988 to revive the Long Beach Housing Development Company (the "LBHDC"). The LBHDC is a nonprofit, public benefit corporation created by the City to aid in the support, financing and development of affordable housing based on needs identified in the Housing Element.

In the 1989 Housing Element, the City established a housing program in order to address the housing needs of all City residents. In order to maximize the effect of Housing Fund money and the housing program, the

Agency and the City signed an agreement on March 17, 1988 to permit the Agency to transfer money from the Housing Fund to the City's Housing Development Fund to be used to provide affordable housing in a manner consistent with the requirements of the California Health and Safety Code. Currently, the Agency is transferring all 20% set aside funds deposited into the Housing Fund to the City's Housing Development Fund. These 20% set-aside funds are the major source of revenue for the Housing Development Fund.

Through a November 15, 1989 agreement with the LBHDC, the City agreed to advance money to the LBHDC from the City's Housing Development Fund to be used toward the production improvement, or preservation of affordable housing throughout the City. Although 20% set-aside money is not spent directly by the Agency on affordable housing projects, all 20% set-aside funds transferred from the Housing Fund to the City's Housing Development Fund are used by the LBHDC to assist in the production of affordable housing as required by California Health and Safety Code.

Health and Safety Code Section 33334.4 requires that the Agency must have a policy to expend tax increment deposited into the Housing Fund, "...to assist housing for persons of low and very low income in at least the same proportion as the total units needed for those income groups...bears to the total number of units needed for persons of moderate, low, or very low income within the community." During the five years covered by the implementation plan, Agency set-aside funds transferred to the Housing Development Fund will continue to be used toward the production of very low, low, and moderate income housing based on the proportionate needs identified in the Housing Element. A summary of ongoing LBHDC housing projects and programs is provided in Section IV of this Plan.

III. HOUSING DEVELOPMENT FUND

Low & Moderate Income Housing Deposits

Estimated deposits to the Agency's Housing Fund attributable to the North Long Beach Redevelopment Project Area are as follows:

<u>FISCAL YEAR</u>	<u>ESTIMATED DEPOSIT</u>
October 1, 2001 - September 30, 2002	\$1,818,000
October 1, 2002 - September 30, 2003	\$1,790,000
October 1, 2003 - September 30, 2004	\$2,019,000
October 1, 2004 - September 30, 2005	\$2,265,000
October 1, 2005 - September 30, 2006	\$2,436,000

As noted above, all funds deposited to the Agency's Housing Fund will be transferred into the City's Housing Development Fund. The fund balance in the Housing Development Fund is projected to be approximately \$3,292,220 on October 1, 2001.

Assisted Units

The estimated number of new, rehabilitated, or price restricted units to be assisted by funds attributable to the North Long Beach Project Area (administered by the Long Beach Housing Development Company) during the five years covered under this Housing Expenditure Plan have been estimated based on the average per unit costs for rehabilitated and newly constructed units within the City of Long Beach. These figures are estimates only, and should not be construed as limitations or obligations on the use of the Housing Development Fund. It is anticipated that all ownership units assisted with funds from the Housing Development Fund will be restricted to moderate-income households, while assisted rental units will be restricted to very-low- and low-income households.

The number of assisted units and proposed funding levels by fiscal year and by program is outlined in the table below. The proposed activity levels of the rehabilitation loan programs shown in the table below have already been considered and included in the estimated number of substantial rehabilitation units outlined in

Attachment No. 5 - Inclusionary Housing Compliance Plan.

Proposed annual expenditures from the Housing Development Fund for Fiscal Years 2001-2002 through 2005-2006 are shown next to the proposed number of assisted units.

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**CITY OF LONG BEACH HOUSING SERVICES BUREAU
AFFORDABLE HOUSING UNITS PROPOSED TO BE PROVIDED/ASSISTED
FISCAL YEARS 2001-2006**

	<u>2001-02</u>		<u>2002-03</u>		<u>2003-04</u>		<u>2004-05</u>		<u>2005-06</u>		<u>Totals</u>	
Home Ownership Programs	Units	Proposed Funding	Units	Proposed Funding	Units	Proposed Funding	Units	Proposed Funding	Units	Proposed Funding	Units	Proposed Funding
Second Mortgage Assistance (a)(c)	0	0	0	0	5	\$200,000	0	0	0	0	5	\$200,000
Cal-Home (a)(c)	6	\$120,000	6	\$120,000	0	0	0	0	0	0	12	\$240,000
Down Payment Assistance (a)(c)	64	\$288,000	64	\$288,000	64	\$288,000	64	\$288,000	63	\$283,500	319	\$1,435,500
Single Family Rehabilitation (b)(c)	32	\$800,000	32	\$800,000	32	\$800,000	32	\$800,000	32	\$800,000	160	\$4,000,000
Interest Rate Reduction (a)(c)	17	\$59,500	17	\$59,500	17	\$59,500	17	\$59,500	16	\$56,000	84	\$294,000
Moderate-Income Rehabilitation (b)(c)	40	\$1,000,000	40	\$1,000,000	40	\$1,000,000	40	\$1,000,000	40	\$1,000,000	200	\$5,000,000
Mortgage Credit Certificate (a)(c)	11	0	11	0	11	0	10	0	10	0	53	(Fed. Tax Credits)
Mortgage Revenue Bond (a)(c)	9	\$10,000	9	\$10,000	8	\$10,000	8	\$10,000	8	\$10,000	42	\$50,000
Habitat for Humanity (a)(c)	1	\$30,000	1	\$30,000	1	\$30,000	1	\$30,000	1	\$30,000	5	\$150,000
HUD \$1 Home (a)(b)(c)	1	\$30,000	0	0	0	0	0	0	0	0	1	\$30,000
Subtotal	181	\$2,337,500	180	\$2,307,500	178	\$2,387,500	172	\$2,187,500	170	\$2,179,500	881	\$11,399,500
Rental Projects & Programs												
Multi-Family Rehabilitation Loan (b)(c)	30	\$390,000	30	\$390,000	30	\$390,000	30	\$390,000	30	\$390,000	150	\$1,950,000
Grisham Revitalization Project (b)(c)	48	\$529,639	48	\$529,639	0	0	0	0	0	0	96	\$1,059,278
Subtotal	78	\$919,639	78	\$919,639	30	\$390,000	30	\$390,000	30	\$390,000	246	\$3,009,278
Other Programs												
Affordable Hsg. Development Projects & Programs (b)(c)	0	0	528	\$7,920,000	25	\$375,000	25	\$375,000	25	\$375,000	603	\$9,045,000
Subtotal	0	0	528	\$7,920,000	25	\$375,000	25	\$375,000	25	\$375,000	603	\$9,045,000
GRAND TOTALS	259	\$3,257,139	786	\$11,147,139	233	\$3,152,500	227	\$2,952,500	225	\$2,944,500	1,730	\$23,453,778
(a)	Program Targets New Units											
(b)	Program Targets Rehabilitated Units											
(c)	Program Targets Price-restricted Units											

IV. ONGOING HOUSING PROJECTS AND PROGRAMS

The following is a summary of existing programs and projects that the LBHDC has undertaken in order to implement the City's Housing Program.

First-time Home Buyer Second Mortgage Assistance Program

The Long Beach Housing Development Company (LBHDC) offers second mortgage loans to low-income first-time home buyers who can qualify for a first mortgage loan offered by a participating lender. This program is project specific. Loans, secured by a promissory note and trust deed recorded against the property, become due in full at the end of 30 years or upon sale of the property whichever comes first.

Source of Funding: Redevelopment Set-aside Funds

Cal Home Program

In Fiscal Year 2001, the LBHDC offered second mortgage loans to first-time home buyers purchasing properties located in redevelopment project areas. The maximum family income limit under the program is 80% of the area median income. The maximum loan amount is \$20,000. The program is funded under the state Cal Home Program, which provided \$500,000 in 2001, the first year of funding. Loans, secured by a promissory note and trust deed recorded against the property, become due in full at the end of 30 years or upon sale whichever comes first.

Source of Funding: State of California Cal Home Program

First-time Home Buyer Downpayment Assistance Program

The program offers conditional grants of up to \$10,000 to low- and moderate-income first-time home buyers citywide. The grant may be used to pay for up to 60% of the down payment and eligible closing costs of mortgages. The conditional grants are forgiven at the rate of 10% per year and any remaining balance of the grant must be repaid if the property is sold during the first ten years. Since the Program's inception in 1993 through Fiscal Year 2000-2001, a total of 737 households have been assisted citywide, with approximately 320 assisted in North Long Beach.

Source of Funding: Redevelopment Set-aside Funds

Single-family Rehabilitation Loan Program

This program offers loans of up to \$25,000 to low-income owner-occupants of residential properties of between one and four units. The loans are offered at 3% simple interest rate. Owners can choose to make loan payments or to defer payments until time of sale or transfer of property, depending on the borrower's housing expense to household income ratio.

Source of Funding: Federal HOME Program Funds

Interest Rate Reduction Program

Beginning in Fiscal Year 2000-2001, this program offered conditional grants to lower the first mortgage loan interest rate of prospective home buyers with household incomes not exceeding 120% of the Los Angeles/Long Beach Area median income level. A maximum \$3,500 grant per household may be provided to reduce the interest rate for the life of the loan. The conditional grants are forgiven at the rate of 10% per year and any remaining balance of the grant must be repaid if the property is sold during the first ten years. The program is targeted to specific areas.

Source of Funds: Redevelopment Set-aside Funds

Moderate-income Rehabilitation Loan Program

Beginning in Fiscal Year 2000-2001, the LBHDC offered the Moderate-Income Rehabilitation Loan Program to owner-occupants of single-family homes (1 to 4 units) with incomes of between 81% and 120% of the Los Angeles/Long Beach Area median income level. The loans are secured by a trust deed and amortized over 20 years with an annual interest rate of 3%. The maximum loan amount is \$25,000 to \$50,000 depending on the extent of code-required repairs and owner equity. Initially, the program will be targeted to the Community Prosecution Strategy Area, the boundaries of which are the City of Signal Hill boundary and Walnut Avenue to the east, Pacific Coast Highway to the south, Long Beach Boulevard to the west, and Willow Street to the north. Assisted units are restricted to moderate-income home ownership for a period of 15 years. It is expected that this program will eventually be implemented citywide.

Source of Funds:

Redevelopment Set-aside Funds

Mortgage Credit Certificate Program

The City of Long Beach participates in the Mortgage Credit Certificate (MCC) Program administered by the Los Angeles County Community Development Commission. LBHDC markets the MCC Program in Long Beach. The program provides federal income-tax credit to assist low- and moderate-income households in making mortgage payments. Since 1991, the program has assisted 809 families, of which 42% are located in North Long Beach.

Source of Funds:

Federal M.C. Program

Mortgage Revenue Bond Program

The LBHDC participates in the Southern California Housing Finance Agency's tax-exempt, single-family mortgage revenue bond program, and receives an annual commitment in excess of \$2,000,000 to provide below market interest rate first mortgage loans to first-time moderate-income home buyers citywide. Private mortgage lenders originate and service these loans. The LBHDC pays approximately \$30,000 per year in commitment fees for participation in the Program. Home ownership is restricted to moderate-income families for a period of 10 years. Through Fiscal Year 2000-2001, the Program has assisted 105 home buyers.

Source of Funding:

State of California CHFA Tax-Exempt Mortgage Revenue Bond Program

Habitat for Humanity

The LBHDC donates land and makes pre-development loans to the non-profit Habitat for Humanity to assist in the construction of single-family, home ownership dwellings. Loans finance certain pre-development costs such as demolition, soils tests, and permit fees. Assisted units are required to be maintained for occupancy by very-low income households in perpetuity. Through Fiscal Year 2000-2001, the Program has participated in the construction of 20 homes, 3 of which have occurred in North Long Beach.

Source of Funds:

Redevelopment Set-aside Funds

Hud \$1 Homes to Local Governments Program

Under this program, the City purchased dilapidated properties foreclosed by the U.S. Department of Housing & Urban Development which were offered to localities for \$1. The City and the LBHDC, sometimes in partnership with financial assistance to local non-profits, rehabilitate these units for sale to very-low- and low-income households. HUD has not committed additional funding for this program. However, rehabilitation of the properties which have been acquired to date will be completed in Fiscal Year 2001-2. Units assisted under this program will be deed restricted to very-low-, low and moderate-income home ownership for a period of 20 years.

Source of Funds:

Redevelopment Set-aside Funds

Federal HOME Program Funds

HOME Multifamily Rental Rehabilitation Loan Program

The HOME Multifamily Rental Rehabilitation Loan Program assists owners of residential investment properties to rehabilitate existing multifamily apartment buildings rented to low-income households. These loans are

amortized over 15 to 20 years at interest rates significantly below market (2% to 4%). Assisted units are deed restricted to low-income rentals for a period of from 5 to 10 years. In Fiscal Year 1999-2000, the program assisted in the rehabilitation of 519 units citywide.

Source of Funding:

Federal HOME Program Funds

Grisham Revitalization Project

In partnership with the Long Beach Redevelopment Agency, the LBHDC has completed the acquisition of 23 of the 26 four-unit apartment houses in a deteriorated and high crime/gang area in North Long Beach. The properties will be conveyed to a non-profit agency, which will perform major exterior and interior rehabilitation of 24 of the structures, including the enlargement of a number of units from two to three bedroom units. The remaining two structures will be demolished and a child care development center and a community center will be constructed. The total project cost is in excess of \$18,000,000, with over \$8,000,000 in financial assistance from the City for site acquisition and pre-development costs. Units will be restricted for rental to very low-income households for a period of 55 years. Anticipated completion date of the new construction and major rehabilitation of this project is Spring of 2003.

Source of Funds:

Redevelopment Set-aside Funds
Federal HOME Program Funds
State of California HELP Funds
Affordable Housing Program Grant Funds
Conventional Developer Financing

At-Risk Federally-Financed Rental Housing Projects

This program will be implemented in Fiscal Year 2000-2001. The purpose of the program is to maintain the city's inventory of affordable rental units that will be removed from the housing market as investors pay off Federal mortgages. If warranted, the City will assist developers in acquiring and rehabilitating these buildings in return for reinstating long-term affordability restrictions.

Source of Funds:

Redevelopment Set-aside Funds
Federal HOME Program Funds
State of California HELP Funds

Affordable Housing Projects and Programs

Under this umbrella program, both for-sale and for-rent residential project developers will be assisted with gap financing (loans and grants) in exchange for the restriction of a percentage of units which are produced and made affordable to low- and very-low-income households for a period of at least 15 years. A target of 20 such units per year is anticipated to be realized under this program.

Source of Funds:

Redevelopment Set-aside Funds
Federal HOME Program Funds